

NORTH FRANKLIN SCHOOL DISTRICT No. J51-162
Franklin County, Washington
September 1, 1993 Through August 31, 1994

Schedule Of Findings

1. Internal Controls Over Staff Mix Should Be Improved

During the course of our audit we found that the district's system of internal control over the staff mix reporting process had the following weaknesses:

- a. There is a lack of segregation of duties in the staff mix reporting process. It is now the same person performing all staff mix reporting functions.
- b. There is no written documentation of changes to employment contracts.
- c. There is no audit trail when changes are made to employee files.

An internal control system consists of the plan of organization, methods, and procedures adopted by management to ensure that resource use is consistent with laws, regulations, and policies; that resources are safeguarded against waste, loss, and misuse; and that reliable data are obtained, maintained, and fairly disclosed in reports.

The district was unaware of the need to have someone independent of the staff mix process to verify all items reconcile and are properly documented.

If the staff mix factors are not accurately reported, the Superintendent of Public Instruction (SPI) cannot distribute basic education funds in accordance with legislative intent and requirements. In addition, errors to employees' salaries can occur when staff mix is not correct.

We recommend the district develop written policies or procedures which include:

- a. Reconciling the SPI edit reports, employee contracts, payroll, and employee files by someone other than the person that prepares the staff mix worksheets, employee contracts, and SPI reports.
- b. Requiring changes to employment contracts be kept in the individual employee's file.

We further recommend the district provide an audit trail when changes are made to employee files.